



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
February 25, 2010

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***SB 175 AN ACT ESTABLISHING THE CONNECTICUT COMPETITIVENESS
COUNCIL***

The Department of Economic and Community Development (DECD) offers the following comments concerning SB 175 *An Act Establishing The Connecticut Competitiveness Council*.

As the lead state agency for economic development, the department's interest is to support the development of a strong, innovative, and competitive economy where the state's key industries can grow and prosper.

To achieve these goals and the intent of the bill, there must be a long-term commitment between government and industry as well as resources to develop the plans; implement their recommendations, and carry out the programs/initiatives of the economic clusters. In addition, we believe that these efforts should be done in consultation with the Governor's Economic Advisory Council.

The proposed Competitiveness Council is similar to the Governor's Council on Economic Competitiveness and Technology (the Council) which was established by executive order in 1998. Its term was extended twice before the executive order expired on December 31, 2006.

The mission of the Council was to actively promote world-class innovation, productivity and competitiveness through industry cluster economic development initiatives. The Council, through the industry clusters and advisory boards, provided guidance to the Governor, legislators, and DECD regarding economic policy and program priorities.

The Council's effectiveness was rooted in it being composed of dedicated and engaged members of Connecticut's business community. As such, the Council was able to offer real-time market knowledge and expertise to better align the talent and resources of government, education and regional organizations with the realities of the global marketplace. The results of the collaboration and constructive interchange of ideas led to

higher levels of innovation and productivity in both the private and public sectors, such as:

- Research & Development Tax Credit Program
- Creation of the Transportation Strategy Board
- Investments in Cluster related projects
- Loan Loss Carry-Forward made more competitive with national and state leaders
- Creation of the BioScience Cluster and Biotech Facilities Fund - producing new lab space, increasing the number of biotech companies, motivating retention and growth of major pharmaceuticals.
- Lean manufacturing introduced in hundreds of smaller manufacturers and thousands of workers skilled-up, critical to their survival
- 3,700 inner city students completed semester long entrepreneurial educational program (NFTE CT)
- 40+ inner city companies from distressed cities were among the INC Magazine/ICIC "Inner City 100" award winners over the past 4 years
- Harvard Business School created and is teaching a special Case Study on Connecticut's industry cluster initiative

The Council was one of the most significant private-public initiatives launched in Connecticut. It provided the governor and legislative leaders with independent, candid insights based upon current market realities, as well as hands-on assistance. Its purpose was to shape and oversee the implementation of the industry cluster economic development initiatives. It is important to note that the logistics and maintenance of administering such a body requires significant dedicated resources from the department.

I would also like to note that the intent in the proposed bill, to develop a "strategic plan to promote competitiveness" is duplicative of the Economic Strategic Plan prepared by DECD pursuant to Section 32-1o of the Connecticut General Statutes. This constitutes an inefficient use of resources as well as introduces yet another plan regarding development policy, an area in which too many plans already exist. My agency alone is required to prepare several overlapping and duplicative plans.

In closing, DECD believes that under current law there are more than sufficient resources already existing that would be willing to help accomplish what SB 175 is proposing. We would welcome the opportunity to assist the Commerce Committee in any way possible if this bill should move forward.

Thank you for your time and consideration of the department's comments.